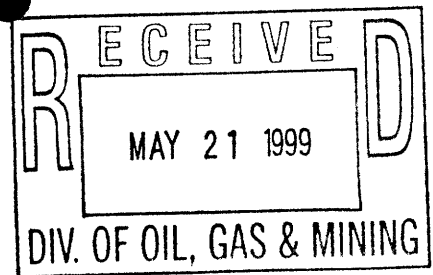




Canyon Fuel Company, LLC
Skyline Mines
 HC 35 Box 380
 Helper, Utah 84526
 (435) 448-6463 Fax: (435) 448-2632



May 20, 1999

Coal Regulatory
 Utah Division of Oil, Gas and Mining
 1594 West North Temple, Suite 1210
 P.O. Box 145801
 Salt Lake City, Utah 84114-5801

ACT/007/039 #2
 Copy Daron

SR99D

RE: Significant Revision to the Dugout Canyon Mine M&RP to include Federal Lease U07064-027821

To Whom It May Concern:

Please find enclosed with this letter five (5) copies of the Canyon Fuel Company, LLC submittal of a significant revision to the Dugout Canyon Mine M&RP. This revision is being made to include Federal Lease U07064-027821, which lies east of the currently approved permit area. Included within this submittal are modified text, appendices, and plates for those chapters of the M&RP that are effected by the addition of the federal lease. For your convenience, a redline/strikeout copy of the text modified in each chapter has been included in two copies of the submittal. The redline/strikeout copies are separated from the rest of the text of each chapter by a colored sheet of paper. Additionally, a copy of this letter and the completed C1 and C2 forms have been included at the front of each binder.

Following is a discussion of the changes made to the text of each chapter. It is important to note that no new surface disturbance is planned at this time for the federal lease area of the permit.

Chapter 1 The appropriate sections and plates have been modified to include the description of the federal lease and permit boundaries. In the eastern portion of the new permit area, the surface permit boundary extends beyond the federal lease boundary to include the potential limit of subsidence. Also included in this chapter is a copy of the federal lease documents.

Chapter 2 No text was revised in this chapter since the existing permit addresses the federal lease area. Plate 2-1, however, has been revised to illustrate the new permit boundary.

Chapter 3 The entire text of Chapter 3 has been included for replacement in this submittal. Much of the text was not changed, however, the pagination was significantly altered. Also, Appendix 3-3 was updated. Therefore, a new copy of the appendix is included.

Chapter 4 As in Chapter 3, the entire text of Chapter 4 has been replaced because of minor modifications but significant pagination changes. Appendix 4-1 has been replaced to include the Air Quality Approval order the mine.

Chapter 5 This chapter has been modified to include the federal lease, mining within the Gilson seam, and to "clean-up" the text by removing items that no longer apply to the site or by updating descriptions of the site. Appendix 5-1 has been removed from the permit since its contents were already present in the permit as Figure 1.

Chapter 6 This chapter has been updated to include new cross-sections within the federal lease, a description of the Gilson seam characteristics, additional drill hole data, and plates illustrating coal seam thicknesses as well as interburden thickness. Material to be placed within the Confidential File Folder has been submitted in a separate envelop and is not included in the binder.

Chapter 7 Text in this chapter has been modified to include a discussion regarding subsiding Dugout Creek. Additionally, the text includes a change in the description of the ground water monitoring program to reflect what is actually approved, as per the Mayo and Associates authored PHC, and as per what was agreed upon between Canyon Fuel and the Division of Oil, Gas, and Mining. Essentially, water quality samples were dropped from the requirements for monitoring of the four spring sites but the field parameters (flow, conductivity, temperature, and pH) were maintained. This modification provides consistency between the PHC and the remainder of the M&RP.

It is important to note that no new ground water monitoring sites were proposed for the federal lease. The existing monitoring sites within the original permit were chosen with the intent of providing sufficient information for mining both the existing permit area and the federal lease. This was discussed at length with the Division early in the Phase I permitting process.

Chapter 8 No changes have been made to this chapter of the M&RP since no new surface facilities are planned at this time to be associated with the expansion of the mine into the federal lease. Therefore, bonding and insurance costs should not change.

Chapter 9 No changes have been made to this Chapter since the original findings regarding Alluvial Valley Floors included the federal lease area.

Canyon Fuel Appreciates your review of this submittal. If you have any questions regarding this submittal, please call me at (435) 448-2669.

Sincerely:

A handwritten signature in black ink, appearing to read "Chris D. Hansen". The signature is fluid and cursive, with the first name "Chris" being more prominent.

Chris D. Hansen
Environmental Coordinator
Canyon Fuel Company, LLC

xc: Dave Spillman, CFC
Ken Payne, CFC

APPLICATION FOR PERMIT PROCESSING

Permit Change <input checked="" type="checkbox"/>	New Permit <input type="checkbox"/>	Renewal <input type="checkbox"/>	Transfer <input type="checkbox"/>	Exploration <input type="checkbox"/>	Bond Release <input type="checkbox"/>	Permit Number: ACT/007/039
Title of Proposal: Modification to the Dugout Canyon Mine Permit to include Federal Lease						Mine: DUGOUT CANYON
						Permittee: CANYON FUEL CO., LLC

Description, include reason for application and timing required to implement:

CFC is modifying its Dugout Canyon Mine M&RP to include federal coal lease east of Dugout Canyon Mine.

Instructions: If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation specialist.

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	1. Change in the size of the Permit Area? +3,136.14 acres Disturbed Area? _____ acres x increase <input type="checkbox"/> decrease
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	2. Is the application submitted as a result of a Division Order? DO # _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	4. Does application include operations in hydrologic basins other than as currently approved?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	5. Does application result from cancellation, reduction or increase of insurance or reclamation bond?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	6. Does the application require or include public notice/publication?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	7. Does the application require or include ownership, control, right-of-entry, or compliance information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	9. Is the application submitted as a result of a Violation? NOV # _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	10. Is the application submitted as a result of other laws or regulations or policies? Explain: _____
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	11. Does the application affect the surface landowner or change the post mining land use?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2?)
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	13. Does the application require or include collection and reporting of any baseline information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	15. Does application require or include soil removal, storage or placement?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	16. Does the application require or include vegetation monitoring, removal or revegetation activities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	17. Does the application require or include construction, modification, or removal of surface facilities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	18. Does the application require or include water monitoring, sediment or drainage control measures?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	19. Does the application require or include certified designs, maps, or calculations?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	20. Does the application require or include subsidence control or monitoring?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	21. Have reclamation costs for bonding been provided for?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	23. Does the application affect permits issued by other agencies or permits issued to other entities?

X Attach 5 complete copies of the application.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein. (R645-301-12)

Signed - Name - Position - Date

Subscribed and sworn to before me this 14 day of May, 1999.

Glenna Bullard

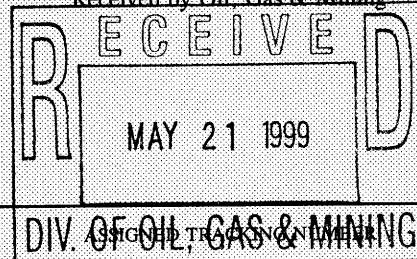
Notary Public

My Commission Expires: 9-15-2001
 Attest: STATE OF Utah
 COUNTY OF Carbon



GLENNA BULLARD
 NOTARY PUBLIC • STATE OF UTAH
 780 NORTH 300 EAST
 PRICE, UTAH 84601
 COMM. EXP. 9-15-2001

Received by Oil, Gas & Mining



Application for Permit Processing

Detailed Schedule of Changes to the MRP

Title of Application: **Modification to the Dugout Canyon Mine Permit to include Federal**Permit Number: **ACT/007/039**

Leases

Mine: **DUGOUT CANYON**Permittee: **CANYON FUEL CO., LLC**

Provide a detailed listing of all changes to the mining and reclamation plan which will be required as a result of this proposed permit application. Individually list all maps and drawings which are to be added, replaced, or removed from the plan. Include changes of the table of contents, section of the plan, pages, or other information as needed to specifically locate, identify and revise the existing mining and reclamation plan. **Include page, section and drawing numbers as part of the description.**

			DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 1: Replace pages 1-ii and 1-iii and pages 1-19 through 1-31
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 1: Replace Appendix 1-1
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 1: Replace Plates 1-1 and 1-2
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 2: Replace Plate 2-1
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 3: Replace pages 3-ii through 3-v and pages 3-1 through 3-58
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 3: Replace Appendix 3-3
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 3: Replaces Plates 3-1, 3-2, and 3-3
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 4: Replace pages 4-ii and 4-iii and pages 4-1 through 4-11
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 4: Replace Appendix 4-1
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 4: Replace Plate 4-1 and 4-2
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 5: Replace pages 5-iii and 5-x, pages 5-1 through 5-17, 5-21 through 5-47, and 5-50
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input checked="" type="checkbox"/> REMOVE	Chapter 5: Remove Appendix 5-1
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 5: Replace Plate 5-7
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 6: Replace pages 6-ii, 6-iii, 6-iv, 6-2, 6-4, and 6-14 through 6-20
<input checked="" type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 6: Add additional drill hole logs to Appendix 6-1 (Confidential File Folder)
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 6: Replace Appendix 6-2 cover sheet
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 6: Replace Plates 6-1, 6-4, 6-5, 6-6 (Confidential File), and 6-7 (Confidential File)
<input checked="" type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 6: Add Plates 6-3A and 6-3B
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 7: Replace pages 7-iii, 7-iv, 7-vii, 7-viii, 7-31, 7-37, 7-43 through 7-62
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 7: Replace Plates 7-1, 7-2, 7-3, and 7-6
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 7: Replace Appendix 7-6
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	

Any other specific or special instructions required for insertion of this proposal into the Mining and Reclamation Plan?

Items to placed in the Confidential File Folder have been included with this submittal in a separate envelop

